

## **FISCAL NOTE**

### **SB 1841 - HB 1691**

February 20, 2007

**SUMMARY OF BILL:** Amends the retirement law by deleting authority of the Tennessee Consolidated Retirement System (TCRS) to pay benefits by direct deposit.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$21,700**

**Increase Local Govt. Expenditures\* - \$24,600**

**Other Fiscal Impact – Increase Federal/Other Expenditures - \$4,000**

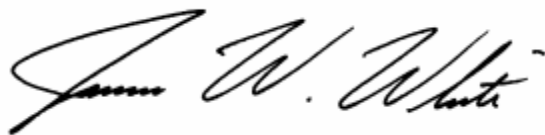
##### Assumptions:

- Direct deposit participation at July 2000 level, prior to mandatory direct deposit, was 74%.
- Direct deposit estimated to be at least 85% in 2007.
- Additional mailings per year would be ten since TCRS currently mails information to retirees in July and December.
- Number of non-direct deposits would be 12,893.
- Costs would be 12,893 x 10 mailings x \$.39 per mailing or \$50,300.
- Funding ratio for teacher cost between state and local is 60% state and 40% local education agency.
- Funding ratio for state employee cost between state and federal is 75% state and 25% federal.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James W. White, Executive Director